

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

January 8, 2013
MAG Offices, Saguaro Room
302 N. 1st Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Mayor Thomas L. Schoaf, Litchfield Park,
Chair
Mayor Marie Lopez Rogers, Avondale,
Vice Chair
Mayor Gail Barney, Queen Creek
Steven Betts, GPEC
Dr. Joseph Cavinato, Thunderbird
Mark Dreher, East Valley Partnership
#Thomas Franz, Greater Phoenix Leadership
Gary Haydon, Haydon Building Corp.
Michael Hoover, Sundt Construction
Jim Kenny, El Dorado Holdings, Inc.
Mayor W.J. "Jim" Lane, Scottsdale
Mayor Michael LeVault, Youngtown
*Mayor John Lewis, Gilbert

Mayor Jackie Meck, Buckeye
Mayor Mark Mitchell, City of Tempe
*Jim Rounds, Elliott D. Pollack & Company
Floyd Roehrich, Jr., ADOT
Todd Sanders, Greater Phoenix Chamber
of Commerce
Councilmember, Jack Sellers, Chandler
*Bill Sheldon, WESTMARC
*Mayor Scott Smith, Mesa
*Mayor Greg Stanton, Phoenix
*Sandra Watson, Arizona Commerce
Authority
Mayor Sharon Wolcott, Surprise

* Not present

Participated by video or telephone conference call

OTHERS PRESENT (from sign-in sheet(s)):

Roc Arnett, EVP
Anubhav Bagley, MAG
Frank Beltran, Trade Base Mexico
Rick Buss, Town of Gila Bend
Kent Dibble, Dibble Engineering
Michael Escobedo, Westside Town Hall
Jami Garrison, MAG
Janeen Gaskins, City of Surprise
Brad Lundahl, City of Scottsdale
David Martin, AGC
Dan Marum, Wilson & Company
Denise McClafferty, MAG
Kim Moyers, Town of Queen Creek
Lauren Patheal, Triadvocates

Jennifer Pena, City of Litchfield Park
Scott Powell, Town of Gilbert
Linda Priano, MAG
Nathan Pryor, MAG
Michelle Rider, WESTMARC
Edgar Sanchez, Arizona Commerce Authority
Samantha Santaella Wolfe, MAG
Dennis Smith, MAG
Brent Stoddard, City of Glendale
Tim Strow, MAG
Kelly Taft, MAG
Karrin Taylor, DMB

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Schoaf at 11:40 a.m. Chair Schoaf noted public comment cards were available for those members of the public who wish to comment. Chair Schoaf stated that transit tickets were available from Valley Metro for those using transit to come to the meeting. Parking validation was available for the MAG parking facilities for those who parked in the garage.

Chair Schoaf took a moment to recognize two new members to the committee. Chair Schoaf welcomed Gary Haydon, President & CEO of Haydon Building Corporation and Michael Hoover, Executive Vice President & COO of Sundt Construction to the committee. Chair Schoaf also recognized Frank Beltran, from Trade Base Mexico and Michael Escobedo, President of Francis Automotive. Both parties participated in the December 4, 2012 event and subsequently attended this committee meeting.

2. Call to the Audience

Chair Schoaf stated according to the MAG public comment process, members of the audience who wish to speak are requested to fill out the public comment cards. He stated that there is a three minute time limit. Public comment is provided at the beginning of the meeting for items that are not on the agenda that are within the jurisdiction of MAG, or non action agenda items that are on the agenda for discussion or information only. Chair Schoaf noted that no public comment cards had been received.

3. Approval of the December 4, 2012 Economic Development Committee Meeting Minutes

Chair Schoaf asked if the members had any questions regarding the December 4, 2012 meeting minutes. There were none. Steve Betts moved to approve the December 4, 2012 Economic Development Committee meeting minutes. Mayor Mitchell seconded the motion and the motion carried unanimously.

4. Improving Arizona's National Competitiveness in Grant Making for Economic Development

Chair Schoaf introduced Dr. Rick Shangraw, Chief Executive Officer for the Arizona State University Foundation and Dr. Sethuraman "Panch" Panchanathan, Senior Vice President of the Office of Knowledge Enterprise Development at Arizona State University (ASU). Dr. Shangraw stated he wanted to discuss an issue that faces all the universities in the state and it has to do with the ability to compete for large research grants. He added these grants are in the \$120 million to \$1.2 billion dollar range and most universities do not get to this level because these grants are reserved for the top tier of research universities to secure grants from the federal government or from corporations.

Dr. Shangraw stated one of the grants that Arizona State University (ASU) applied for was the National Renewable Energy Laboratory which is located in Golden, Colorado. The grant

was for \$1.2 billion in research and ASU came in second place. He noted that had they won the grant, it would have moved many of the functions to Arizona. The second grant was offered by the Department of Energy in the area of converting sunlight into liquid fuel. He stated \$120 million was offered from the federal government to build a research center and ASU again came in second place.

Dr. Shangraw stated the time frames for these projects are very limited and they have just sixty days to pull a team together and respond to the request for proposal. He noted as they went out and began looking for support from government, they found in most cases, either state or local governments could not respond quickly enough to provide them letters of support. He noted for the Department of Energy grant, forty proposals were submitted and ASU's proposal was one of just a few that did not have any letters of support from local government entities. Dr. Shangraw added in order to be competitive for these grants, they need to begin thinking about how the universities can work more closely with MAG.

Dr. Panchanathan stated currently, with medical schools included, and out of 912 universities, ASU ranks 35th in the nation. Without the medical schools, ASU ranks 17th nationally. ASU has quadrupled their research in the last ten years and in 2012, was close to \$400 million in research. He added typically, when you put a large proposal together, you will have to provide letters of support from all of the cities and other economic development agencies in the state. He added this may also include logistical support, land issues or legislation that helps grow the economy. It is important to have all cities and agencies come together to make sure the project becomes successful. Dr. Panchanathan noted this is very important for ASU to get to the next level and they are seeking the support of this committee.

Dr. Panchanathan stated ASU also has a number of things to offer the cities and would like to form partnerships in order to attract companies to relocate here. He added in the area of innovation and entrepreneurship, he is very grateful to Mayor Lane and the City of Scottsdale for attracting companies to move into Skysong. He noted ASU has also partnered with Mayor Mitchell and the City of Tempe, as well.

Chair Schoaf asked if there were any comments or questions from the committee.

Mayor Mitchell reiterated that the City of Tempe is very committed to collaborating with ASU and looks forward in continuing working with them. Dr. Panchanathan thanked the mayor for his support. Mayor Lane asked if there is something that his city could do that would enhance the message of partnership. Dr. Shangraw stated one of the things that would be useful is the possibility of bringing the opportunities to this committee, instead of having to go out and contact each individual city for their support.

Dennis Smith suggested creating an official entrepreneurial/innovation agreement that ASU could provide with their application that shows our cities work together. He asked what are the benefits for the member agencies to show their support? Dr. Shangraw stated almost all the jobs are high-end salary jobs and all the jobs that are required need resources outside of

the universities, which benefit the local communities and the region. He added many times the individual research projects usually attract other companies to come to our region and when these companies come in, they are good tax paying businesses. This also gives Arizona an opportunity to have businesses relocate here simply because of the research activity going on in our region.

Chair Schoaf stated in his experience with grants, there was at least a notion that these grants would be coming available. He asked how much of the groundwork can be done ahead of time. He added there are processes that cities have to go through for approvals and if this region can work on approvals ahead of time, cities could set aside contingencies for these projects. Chair Schoaf stated the game changer would be to get everyone aligned. Dr. Panchanathan stated they could provide a snapshot of the project ahead of time to this committee and if cities are interested, they could work together with ASU.

Mayor Wolcott wanted to follow up with the concept of the matching portion on grant applications and wondered if that component had been thought through. She added cities need some planning ahead of time, so they have funds set aside to match if they are going to participate and how we can make this work. Dr. Panchanathan stated that is why this committee would be beneficial for ASU to communicate to all the cities at one time. Dr. Shangraw added on some occasions part of the grant funding could be applied to setting up job training programs or an education program that could benefit the region.

Mr. Smith stated this committee could be a communication mechanism for ASU and suggested the committee provide a written agreement saying the cities and region are supportive of the efforts. He added any discussions on negotiations would be handled by ASU and the individual cities and would not go through MAG. Chair Schoaf agreed and stated MAG could provide a resource for this process and then interested cities could move forward individually. Dr. Panchanathan invited the members of the committee to contact him if they would like to visit ASU to become familiarized with what they are accomplishing.

5. Discussion on the Thunderbird Recommendations

Denise McClafferty, Management Analyst III, stated approximately 95 people attended the December 4th, 2012 EDC meeting and this event was a great way for the region to continue to strengthen relationships with Sonora. She noted they were honored by the attendance of special guests from Mexico, which included the Consul of Mexico; the Secretary of Economy for the State of Sonora; representatives from the municipalities of Nogales, Hermosillo, and Obregon; and the Sonoran Maquila Association. She added some of the Arizona state agencies that attended included, Arizona Commerce Authority, Arizona-Mexico Commission and the Arizona Department of Transportation.

Ms. McClafferty thanked Samantha Santaella Wolfe for her hard work and efforts to help make the event so successful. Ms. Santaella Wolfe shared comments that she received after

the event. She stated the Mexican organizations that participated in the event were very pleased to attend. She received several emails where they expressed their gratitude for making them feel at home and they would like to continue building relationships with the Arizona cities. Ms. Santaella Wolfe stated the Secretary of Economy in Ciudad, Obregon, and Cajeme, Sonora would like to continue strengthening the relationship between the cities they represent and Arizona's cities. She added they would like to collaborate not only with the Maricopa region, but with all the cities that are part of the Sun Corridor. She noted the U.S. Mexico Foundation for Science & Technology sent a thank you letter and also shared the information with their agencies and many of them are interested in getting involved.

Ms. Santaella Wolfe stated the Commission for Economic Development in Hermosillo was thrilled to attend the event and would like to be involved in the follow up that this committee would pursue in regards to the Thunderbird recommendations. The General Consul of Mexico shared the event's information with the Hispanic media, which is very positive for Arizona's image. She noted this is a very good time for collaboration; now that Mexico has a new president and a new Cabinet. She added the new Secretary of Foreign Affairs is an economist and very supportive of international trade.

Ms. McClafferty stated as a result of the December 4, 2012 event, elected officials and business leaders have been invited to Nogales, Sonora, Mexico for a one day event to meet the elected officials and business leaders in Nogales, Sonora. This event will take place on Friday, March 22, 2013 and details will be forthcoming.

Ms. McClafferty reviewed the priorities that the Thunderbird team recommended. She stated the initial priorities, which should be completed by the end of 2013, include creating a working group team that speaks with a unified voice; create an "awareness" campaign and; engage small & medium sized businesses by working with the appropriate agencies on trade expos. The mid-term priorities, which should take place from 2013 to 2015, include building a "Center of Excellence"; creating a Business to Business platform; promoting the creation of a Small Business Association in Sonora and link it with the Arizona Small Business Association. The long term priorities should be implemented between 2015 to 2017, include expanding strategies into the rest of Mexico and; promoting the "brand" or unified message regionally and nationally.

Ms. McClafferty stated to receive input on these recommendations from the private sector, staff is meeting with WESTMARC, East Valley Partnership and the Phoenix Chamber of Commerce on January 11, 2013. She also reminded the committee that on March 6, 2103 the Sun Corridor retreat will take place at the Wild Horse Pass to discuss creating alignment and implementation of the Freight Transportation Framework study. Ms. McClafferty stated she would be happy to receive feedback in regards to the recommendations.

Chair Schoaf asked if there were any comments or questions from the committee.

Councilmember Sellers stated he is a long term member of the Arizona-Mexico Commission and he is excited and very pleased with these efforts. Mr. Smith pointed out that Arizona-Mexico Commission has been doing a great job for a number of years. What staff found out in doing this event is that Sonora did not know that East Valley Partnership or WESTMARC existed. He added this is fertile ground for us to go a little deeper into the business community and sees MAG assisting Arizona-Mexico Commission. He added there needs to be a more unified voice or working team where the people from the agencies can share information, knowing what events are coming up, so we are all aligned and the communication is seamless.

Chair Schoaf added Arizona-Mexico Commission has done very important work and laid the foundation that we can build on. He believes the effort that has been undertaken by the EDC is to expand on the work that has been done by the Commission and expand it in a way that touches more local government and business interests and tries to build the kinds of relationships that exists at the level the Commission has now in both nations. He stated we need to take that concept and take it to the local levels. Our cities need to involve their economic development people with the counterparts in each of the cities in Sonora, Mexico. Chair Schoaf stated this would be a tremendous first step to building relationships that would encourage businesses on both sides of the border to get to know each other.

Todd Sanders suggested using the Arizona-Mexico Commission's plenary sessions that take place twice a year as an opportunity to invite this group to engage and make connections. He added he would be happy to help make this happen. Chair Schoaf stated this was an excellent suggestion. Mr. Sanders stated in his experience, companies find the biggest challenge is navigating the Mexican bureaucratic system and stated Sonora has a great work force. Chair Schoaf agreed with Mr. Sanders comments.

Mayor Lopez Rogers stated she was not aware of the priorities or role of the Arizona representative in Sonora from the governor's office. She suggested this person be invited to come and provide an update to the committee. Mark Dreher stated East Valley Partnership has an active economic development committee and they regularly get about 60-70 people attending the meetings, which include economic development people from the cities as well as businesses. He noted that he will be sure to put this on the next agenda. Chair Schoaf stated this is a very important piece of the puzzle that is going to take some time to construct, but it will give us an understanding of the challenges of doing private business in Mexico. He added it is a very important step so we can understand each other's systems better.

6. Building an International Economic Network (BIEN)

Anubhav Bagley, Information Services Manager, stated this idea came about when the Executive Director went to the White House in August 2012 and attended a forum on urban innovation. At that event, the City of New York was mapping all the companies in New York to market those that were currently hiring. He stated that the first step was to find out if similar platforms currently exist. MAG staff have researched a number of current

platforms, and found that these are generally national in scope, or are very specific supplier directories, such as aerospace only. These platforms were also fee or membership based. Currently, MAG is exploring the development of a digital business-to-business platform that would encourage collaboration of small and medium sized businesses because they are constrained by resources. He added the proposed digital platform would be a self-reporting database of businesses that operate in Arizona, Sonora and possibly Canada.

Mr. Bagley stated this database would also be a regional business database used to generate participation, have customized searches, and companies would be encouraged to make direct connections to other businesses. He stated MAG staff will continue to discuss this idea with other economic development and industry experts, develop a detailed design and implementation plan, as well as a business engagement plan.

Chair Schoaf asked if there were any comments or questions from the committee.

Chair Schoaf stated the easiest way is to understand this is to treat it like an electronic trading place that you would not require a fee to go into the marketplace. A business person from each side of the border would put in their information and then have the ability to search for partners. He added this is a tremendous opportunity for small to medium size businesses to make them more competitive on a broader scale.

Mr. Smith stated one of the strategies would be to create this platform and then talk to the different chambers and have them tell their members about the platform so they could add their information on the website. He added he believes it is important to sit down with local business organizations and make sure we are creating a tool that is really helpful. Mr. Smith asked Mr. Bagley if he knows of any other similar platforms with mapping tools like this. Mr. Bagley stated he has only seen ones that are national in scale or key specific for certain sectors. He added this would be the first of this kind.

Mark Dreher asked if staff has considered adding other resource connections to the platform, such as providing information on export rules or things in that nature. Mr. Bagley stated this is something they have considered. He added this platform could also possibly provide information on seminars, workshops and trade expos that are happening on both sides of the border. Todd Sanders stated he would be happy to organize a meeting with all the business organizations and Chambers of Commerce and report at the next meeting. Chair Schoaf stated that was an excellent idea and thanked Mr. Sanders.

7. Greater Phoenix Rising Update

Denise McClafferty, Management Analyst III, stated in November 2011, the Greater Phoenix Rising website was officially launched and the site currently averages approximately 400 visits per month. She stated the most recent updates have been the completion of the Key Assets landing page video, which highlights Arizona's outstanding education system, high-quality health care, and robust water supply. She added you can

now access the website from any mobile device.

Ms. McClafferty thanked Matt Nielsen and Russell Miles who developed the mobile website and also thanked the Communication Division and Gary Stafford for the great work on the Key Assets video. Ms. McClafferty showed the Key Assets video to the committee and then demonstrated how they could access and navigate the website on mobile devices.

Chair Schoaf asked if there were any comments or questions from the committee. There were none.

8. Request for Future Agenda Items

Chair Schoaf asked if there were any requests for future agenda items. There were none.

9. Comments from the Committee

Mayor Schoaf stated that the next meeting is scheduled for February 5, 2013 at 11:30 a.m.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 12:52 p.m.

Chair

Secretary